



Universal Service Administrative Company
High Cost & Low Income Division

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William Rohde
Executive Vice President & General Manager
Mark Twain Communications Company
Highway 6 East
P.O. Box 128
Hurdland, MO 63547

RE: High Cost Support for Mark Twain Communications Company and
Redefinition of Rural Service Areas under Section 54.207 of the Federal
Communications Commission

Dear Mr. Rohde:

This letter addresses issues relating to Mark Twain Communications Company (Mark Twain) universal service high cost support for the Spectra Communications Group, LLC's (Spectra) wire centers of Ewing, La Belle, and Lewistown.

Mark Twain was designated as an eligible telecommunications carrier (ETC) for the purposes of receiving universal service support by the Missouri Public Service Commission (PSC) on June 27, 2000, in Case No. TA-2000-591. The Missouri PSC order did not specify which wire centers were eligible for universal service support. In a July 7, 2000, notification filing with the Federal Communications Commission (FCC), Mark Twain identified three wire centers where it served lines and sought universal service support. The wire centers identified were La Belle, which was served at the time by non-rural incumbent carrier GTE Midwest, Inc. and the wire centers of Ewing and Lewistown, which were served at the time by the rural carrier GTE Arkansas, Inc.

On July 27, 2000, the FCC approved the sale of the three exchanges (as well as others) from GTE Midwest, Inc. to Spectra. Under the FCC's rules, a carrier that acquires telephone exchanges from an unaffiliated carrier receives high cost support for the acquired exchanges at the same per-line support levels for which those exchanges were eligible prior to the transfer of the exchanges. (See Section 54.305 of the FCC's rules). This means that the high cost loop (HCL) support for the three exchanges was frozen as of July 27, 2000, under the acquired exchange provision of the rules.

Mark Twain thus received the same per-line support that Spectra had been entitled to when it acquired the exchanges from GTE. Mark Twain received this HCL support until July 2003, when USAC implemented a new payment system that inadvertently stopped paying HCL support to Mark Twain. By the time the solution to reinstate Mark Twain's

HCL support was discovered, USAC considered Mark Twain subject to the service area redefinition provisions of Section 54.207 of the FCC's rules for the Ewing and Lewistown exchanges as they were rural wire centers (the only exchanges with acquired exchange HCL support).

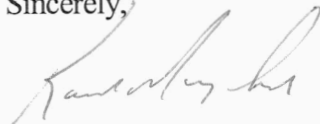
Under the FCC's rules, the service area served by a rural telephone company means that company's study area "unless and until the FCC and the states...establish a different definition of service area for such company" (See Section 54.207(b) of the FCC's rules). If a state commission proposes to redefine a service area served by a rural telephone company so that a competitor can serve selected wire centers, the state commission or the carrier must petition the FCC for approval of the proposed redefinition under Section 54.207 of the FCC's rules. Thus, the Missouri PSC or Mark Twain was required to seek redefinition for the wire centers of Ewing and Lewistown served by the rural carrier GTE Arkansas, Inc. Until a redefinition is agreed to by the FCC, the Ewing and Lewistown wire centers are not be eligible to receive High Cost support.

Even though Mark Twain was not eligible for HCL support in Ewing and Lewistown, it did receive high cost support for those wire centers until June 2003. Payments were, however, continued for ICLS because the three wire centers (both rural and non-rural) Mark Twain serves are in the same disaggregation Zone under Spectra's plan as implemented subsequent to the GTE transaction. As all ICLS must be filed at the disaggregated level, (i.e. by zone) there is no way to differentiate the formerly rural and non-rural wire centers as they existed prior to the Spectra sale. As such, USAC continues to pay Mark Twain ICLS subject to future direction by the FCC.

Presently, USAC is awaiting guidance from the FCC on a number of Section 54.207 related issues, including those related to Mark Twain. Until such time that FCC guidance is provided on how USAC should proceed, USAC will not change Mark Twain's current eligibility and no prior period dollars will be recovered.

If you have any questions, please feel free to call me at 202-776-0200.

Sincerely,



Karen Majcher
Vice President
High Cost & Low Income Division